
**Blind Brook–Rye Union Free School District
School Business Office
390 North Ridge Street
Rye Brook, NY 10573**

TO: Jonathan Ross

FROM: Mikaela Coni

RE: **Corrective Action Plan/Response to External Auditors' Management Letter and Audit Report: Year Ending June 30, 2017**

DATE: September 7, 2017

Enclosed herewith for your review is a copy of the management letter dated 9/6/17 that corresponds to the 2017 Financial Statements/Auditors' Report, submitted by the District's auditing firm, PKF O'Connor Davies, LLP. I have carefully considered the contents of the letter and prepared this response memo and corrective action plan.

The auditors did not find any deficiencies with our general fund, capital fund, special aid fund, school lunch fund, debt service fund, special purpose fund and agency fund operations for the period reported on. The management letter recommends one corrective action relative to the permanent fund. The following is an outline of our planned corrective action.

Addendum A

Permanent Fund

A Permanent Fund is used to account for resources that are restricted to the extent that only earnings, and not principal (corpus), may be used for purposes that support the School District's programs – that is for the benefit of the School District or its citizens. In a prior year, the School District had received a bequest from a family in the amount of \$2,920. The bequest stipulated that only the interest earnings on these funds, and not the corpus, could be used to provide a small scholarship award each year. As a result of the low interest rate environment that has existed for the past several years, the interest earnings in this account have been less than the annual scholarship award and, accordingly, the balance in this fund has been declining. In the current year, the scholarship payment of \$50 has resulted in the balance falling below the corpus amount by \$21.

Recommendation

Although the amount is minimal, the corpus has fallen below the level originally permitted by the donor. We suggest that until such time that the balance is replenished above the corpus level through interest earnings, that no further disbursements be made. In the alternative, the School District could seek out the donor's family to determine if the terms of the original bequest could be modified to allow for the continued use of these resources until fully exhausted.

Management Corrective Action Plan

I have contacted Ms. Vicky Lynn Sitner, daughter of Barbara Sitner, of which she has agreed to revise the terms of the original bequest. While she does not want to fully deplete what is left in the fund, she has agreed to revise the corpus amount to \$1,000. As such, the District will be able disburse up to \$1,899, leaving a permanent principal balance of \$1,000 in the fund. Historically, the funds have solely been used for the Community Service Award in Memory of Ms. Barbara Sunshine Sitner. We will continue to issue this award each year with a monetary value of \$50.

Please note that I had a verbal conversation with Ms. Sitner on 9/6/17 and have sent her a letter indicating the new agreed upon terms and requesting her authorization for execution. Upon receipt of this documentation, I will distribute copies to all necessary parties. I will also assure that the proper procedures remain in place to monitor the funds and ensure the corpus balance remains at \$1,000.

Addendum B

In Addendum B, the auditors review GASB Statement No. 84 which establishes criteria to improve guidance for accounting and financial reporting of fiduciary activities and provide clarity on when a government has a fiduciary responsibility for a particular activity. The provisions of this statement are effective for fiscal years beginning after December 15, 2018. This statement was included in the management letter for informational purposes.

In summary, I believe the financial statements and audit report prepared by PKFOD for the year ending 6/30/17 represent that the District is in satisfactory financial condition and that it has effective internal controls in place in its business office. A copy of this memo and audit materials will be forwarded to members of the Audit Committee and a meeting of the Committee will be scheduled to discuss the report with Scott Oling, Partner at PKFOD. Scott is scheduled to attend the October 16th Board Meeting to discuss the audit report with the Board in public session.

Please be sure to read the Management Discussion and Analysis section of the report. If you have any questions or suggestions that might help our business office function with greater operating efficiency please let me know.

Enclosure

**Blind Brook-Rye Union Free School District,
New York**

Communication of Internal Control Matters Identified in the
Audit to Those Charged with Governance and Management

June 30, 2017



**Communication of Internal Control Matters Identified in the Audit to
Those Charged with Governance and Management**

**The Board of Education
Blind Brook-Rye Union Free School District
390 North Ridge Street
Rye Brook, New York 10573**

Auditors' Communication on Internal Control

In planning and performing our audit of the basic financial statements of the Blind Brook-Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, as indicated in the attached Addendum A, we share for your consideration other observations about the internal control and operations. In Addendum B, we identify other accounting and auditing matters for your information.

This communication and addenda are intended solely for the information and use of the Board of Education and management and are not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

PKF O'Connor Davies, LLP
Harrison, New York
September 6, 2017

PKF O'CONNOR DAVIES, LLP
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Blind Brook-Rye Union Free School District, New York

Addendum A

Control Deficiencies

- **Permanent Fund**

A Permanent Fund is used to account for resources that are restricted to the extent that only earnings, and not principal (corpus), may be used for purposes that support the School District's programs – that is for the benefit of the School District or its citizens.

In a prior year, the School District had received a bequest from a family in the amount of \$2,920. The bequest stipulated that only the interest earnings on these funds, and not the corpus, could be used to provide a small scholarship award each year. As a result of the low interest rate environment that has existed for the past several years, the interest earnings in this account have been less than the annual scholarship award and, accordingly, the balance in this fund has been declining. In the current year, the scholarship payment of \$50 has resulted in the balance falling below the corpus amount by \$21.

Recommendation

Although the amount is minimal, the corpus has fallen below the level originally permitted by the donor. We suggest that until such time that the balance is replenished above the corpus level through interest earnings, that no further disbursements be made. In the alternative, the School District could seek out the donor's family to determine if the terms of the original bequest could be modified to allow for the continued use of these resources until fully exhausted.

Blind Brook-Rye Union Free School District, New York

Addendum B

Other Matters

- **Governmental Accounting Standards Board (“GASB”) Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”**

In June 2015, GASB issued Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.” This Statement replaces the requirements of GASB Statement No. 45 “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*”. The key difference in the new standard for New York municipalities and school districts (since New York State has not authorized the establishment of an Other Postemployment Benefit (“OPEB”) trust fund) is that these governments must now report the *total OPEB liability* related to their employees. The prior standard allowed for the amortization of prior service cost over a thirty year period.

The statement requires municipalities and school districts to present more extensive note disclosures and required supplementary information (“RSI”) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than that assumed in the financial statements. The new RSI includes a schedule showing the causes of the increase and decreases in the OPEB liability and a schedule comparing a government’s actual OPEB contributions to its contribution requirements.

This new standard parallels the pension standard in GASB Statement No. 68 “*Accounting and Financial Reporting for Pensions*”. Together, these two new standards provide consistent and comprehensive disclosure for all postemployment benefits. **The provisions of this Statement are effective for fiscal years beginning after June 15, 2017 (i.e., the School District’s financial statements for the year ending June 30, 2018).**

- **Governmental Accounting Standards Board (“GASB”) Statement No. 84 “Fiduciary Activities”**

In January 2017, GASB issued Statement No. 84 “*Fiduciary Activities*”. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Previously issued guidance lacked the necessary clarity to determine when a government had fiduciary responsibility for a certain activity. This lack of clarity has resulted in a divergence in practice among financial statement preparers and auditors.

GASB Statement No. 84 establishes criteria for identifying fiduciary activities. The focus of the criteria is on (a) whether a government *controls* the assets of the fiduciary activity and (b) the *beneficiaries* with whom a fiduciary relationship exists. A government is considered in control of the assets if the government holds the assets or has the ability to direct the use of the assets in a manner that provides benefits to the specified or intended recipients. The assets also cannot be derived from the government’s own source revenues (or from government-mandated or voluntary non-exchange transactions) and must also have one or more of the following characteristics related to whom the assets will benefit:

- 1) Be administered through a trust
- 2) The government itself is not the beneficiary
- 3) Dedicated to providing benefits in accordance with the benefit terms

Blind Brook-Rye Union Free School District, New York

Addendum B

Other Matters

• **Governmental Accounting Standards Board (“GASB”) Statement No. 84 “Fiduciary Activities”**
(Continued)

- 4) Legally protected from the government’s creditors
- 5) For the benefit of individuals and government has no administrative or direct financial involvement with the assets

An activity meeting the above criteria should be reported in the basic financial statements in one of the following four fiduciary funds, as applicable:

- 1) Pension (and other employee benefit) trust funds
- 2) Investment trust funds
- 3) Private-purpose trust funds and
- 4) Custodial funds

Custodial funds should report fiduciary activities that are not reported in one of the first three fiduciary funds noted above. The use of **Agency funds has been eliminated with this Statement and replaced with custodial funds.**

Governments with activities meeting the above criteria will present a Statement of Fiduciary Net Position (i.e., assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) and a Statement of Changes in Fiduciary Net Position (i.e., additions and deductions) for each fiduciary fund type. Previous guidance for agency funds only required the presentation of assets and liabilities, whereas the custodial funds require the same elements as the other fiduciary funds, including net position.

The provisions of this Statement are effective for fiscal years beginning after December 15, 2018 with earlier application encouraged.

Blind Brook-Rye Union Free School District, New York

Communication of Matters Identified in the Audit to Those Charged with Governance

We have audited the financial statements of the Blind Brook-Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2017, and have issued our report thereon dated August 28, 2017. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 11, 2016. This letter provides additional required communications related to our audit.

Our responsibility under professional standards

Our responsibility is to form and express an opinion about whether the financial statements, which are the responsibility of management, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Those individuals charged with governance of the School District are responsible for the oversight of the financial reporting process, and our audit does not relieve management and those charged with governance of their respective responsibilities.

Our responsibility for the supplementary information accompanying the financial statements is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

With respect to such supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with US GAAP, the method of preparing it has not changed from the prior year, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

In connection with our audit we performed tests of the School District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective to our tests was not to provide an opinion on compliance with such provisions.

Planned scope and timing of the audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Qualitative aspects of significant accounting practices

Significant accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the reporting period that had a significant impact on the financial statements. No matters have come to our attention that would require us to inform you about (1) the methods used to account for significant unusual transactions, and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Blind Brook-Rye Union Free School District, New York

Communication of Matters Identified in the Audit to Those Charged with Governance

Qualitative aspects of significant accounting practices (Continued)

Significant accounting estimates

Accounting estimates made by management are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Actual results could differ from those estimates.

Certain accounting estimates are particularly sensitive because of their significance to financial statements and their susceptibility to change, such as:

- Actuarial assumptions related to the Other Post Employment Benefit Obligations ("OPEB")
- Actuarial assumptions and proportionate share calculations related to pension obligations
- Asset lives for depreciable capital assets
- Estimates of certain receivable balances and allowances for uncollectible amounts
- Estimates for certain operating and long-term liabilities

Management believes that the estimates used and assumptions made are adequate based on the information currently available. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements as a whole.

Financial statement disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements relate to:

- Pension plan information
- Other post employment benefit obligations payable
- Outstanding bonded indebtedness
- Fund balances

The financial statement disclosures are consistent and clear.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and corrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management.

We are required to communicate to you misstatements that remain uncorrected, including any related to prior periods, and the effect, if any, that they may have on the opinion in our report, and request their correction. There are no such financial statement misstatements that remain uncorrected.

Blind Brook-Rye Union Free School District, New York

Communication of Matters Identified in the Audit to Those Charged with Governance

Uncorrected and corrected misstatements *(Continued)*

In addition, we are required to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Our audit did not identify misstatements that were corrected by management.

Disagreements with management

For purposes of this letter, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations requested from management

We have requested certain written representations from management in a separate letter dated August 28, 2017.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other matters discussed with management

We generally discuss with management a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District, and plans and strategies that may affect the risks of material misstatement. None of the matters discussed and our responses thereto were a condition to our retention as auditors.

Auditor independence

We affirm that PKF O'Connor Davies, LLP is independent with respect to the School District in accordance with professional standards.

This communication is intended solely for the information and use of the Board of Education and management of the School District, is not intended to be, and should not be used by anyone other than these specified parties.

**Blind Brook - Rye Union Free
School District, New York**

Financial Statements and
Supplementary Information

Year Ended June 30, 2017

Blind Brook - Rye Union Free School District, New York

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Blind Brook - Rye Union Free School District, New York

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Independent Auditors' Report

**The Board of Education of the
Blind Brook - Rye Union Free School District, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Blind Brook - Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended June 30, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules for the year ended June 30, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2017 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2017.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the School District as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated August 17, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

August 28, 2017

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**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards**

Independent Auditors' Report

**The Board of Education of the
Blind Brook - Rye Union Free School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Blind Brook - Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated August 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

August 28, 2017

Blind Brook-Rye Union Free School District
Rye Brook, New York

Management's Discussion and Analysis (MD&A)
June 30, 2017

This discussion and analysis of the Blind Brook-Rye Union Free School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2017. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the School District's financial performance.

Financial Highlights for FY 2016-2017

Key financial highlights for fiscal year 2016-2017 are as follows:

- The amount of unassigned fund balance that can be retained by the General Fund is limited to no more than 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,554,044, or 3.54%, and therefore within the statutory limit.
- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of \$5,312,887. Within these statements, a decrease in the total restricted fund balance of \$271,730 and a decrease in the total unassigned fund balance of \$175,045, were the primary factors driving the overall net decrease of \$370,409 in the total fund balance from the prior year. In spite of this net decrease, the School District was still able to maintain resources in the restricted component of fund balance for tax certiorari claims and compensated absences. The General Fund's unassigned fund balance of \$1,554,044 represents about 33% of the total fund balance of the General Fund. Also noteworthy about the fund balance is that it includes an amount restricted for debt service of \$343,553, which may be used to help offset future debt service obligations, and a Capital Projects Fund fund balance of \$96,772, an amount available to help finance a current construction project at the BMP Ridge Street School. Exclusive of the restricted Debt Service and Capital Projects funds, the combined ending fund balances are \$4,872,562.
- Of special note is the fact that the School District was able to budget \$1,550,000 as an appropriated surplus contribution to reduce the tax levy associated with the 2016-2017 budget and \$1,568,841 for the same purpose with the 2017-2018 budget. Favorable School District financial operations have permitted these management actions in recent years.
- On the district-wide financial statements, the assets and deferred outflows of resources of the School District exceeded liabilities and deferred inflows of resources at the close of its most recent fiscal year by \$14,151,511. The School District's total net position decreased by \$1,781,852 for the year ended June 30, 2017. The district-wide financial statements must report certain items in accordance with the pronouncements of the Governmental Accounting Standards Board ("GASB"). The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. One of the most significant of these standards requires the School District to recognize the financial impact associated with other postemployment benefit ("OPEB") obligations under the provisions of GASB Statement No. 45. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. GASB Statement No. 45 established standards for accrual based measurement and recognition of OPEB expenses over periods that approximate employees' years of active service, as well as the required note disclosures. For the year ending June 30, 2017, the School District's OPEB obligations of \$18,726,328 are reflected as a liability on the district-wide Statement of Net Position and impacts the total net position calculation.

More detailed information about the School District's OPEB obligations reported in accordance with the provisions of GASB Statement No. 45 is presented in note 3, D in the notes to financial statements.

- Also noteworthy on the district-wide financial statements for the year ended June 30, 2017, is the provisions of GASB Statement No. 68. This pronouncement established accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). Under these standards, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At June 30, 2017, the School District reported in its Statement of Net Position, a liability of \$1,018,104 for its proportionate share of the ERS net pension liability, while also reporting \$1,337,899 for its proportionate share of the TRS net pension liability. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3, D in the notes to financial statements.
- During the current fiscal year, the School District did not issue any new bonded indebtedness for construction. The School District retired \$1,605,000 of bonded indebtedness and \$177,999 in obligations associated with its energy performance contract.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains combining and individual fund financial statements and schedules in addition to the basic financial statements.

District-Wide Financial Statements

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.
 - The *statement of net position* presents information on all of the School District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
 - The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
 - The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, interest and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains seven individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund, Capital Projects Fund and Permanent Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid and the Capital Projects funds, which are considered to be major funds. Data for the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.
- The School District adopts an annual budget for its General and Special Aid funds. A budgetary comparison statement has been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.
- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit obligations, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. This MD&A includes a summary of two district-wide statements that focus on operations of the School District as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

In the case of the School District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,151,511 for the year ending June 30, 2017.

Net Position

	June 30,	
	2017	2016
Current Assets	\$ 8,463,081	\$ 21,849,080
Capital Assets, net	34,095,956	35,019,665
Total Assets	42,559,037	56,868,745
Deferred Outflows of Resources	14,015,493	4,545,575
Current Liabilities	3,306,148	3,637,727
Long-Term Liabilities	38,356,538	37,250,620
Total Liabilities	41,662,686	40,888,347
Deferred Inflows of Resources	760,333	4,592,610
Net Position		
Net Investment in Capital Assets	17,863,392	16,804,417
Restricted for		
Capital Projects	96,772	285,706
Debt Service	343,553	328,862
Tax Certiorari	488,535	493,372
Retirement Contributions	275,535	375,535
School Lunch	97,227	89,195
Special Purposes	84,045	67,926
Permanent Fund	2,899	2,998
Unrestricted	(5,100,447)	(2,514,648)
Total Net Position	\$ 14,151,511	\$ 15,933,363

The largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending.

Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Those assets subject to external restrictions constitute 10% of net position. There is a negative balance of unrestricted net position, which is \$5,100,447, primarily a result of the recognition of the OPEB liabilities. Overall, net position decreased by \$1,781,852 from the prior year, primarily from the recording of a sharp increase in the net pension liability of TRS as a result of the change in the discount rate from 8% to 7.5%.

Changes in Net Position

	June 30,	
	2017	2016
REVENUES		
Program Revenues		
Charges for Services	\$ 1,432,831	\$ 1,356,044
Operating Grants and Contributions	759,885	904,464
Capital Grants and Contributions	3,174	141,727
Total Program Revenues	2,195,890	2,402,235
General Revenues		
Real Property Taxes	34,936,024	34,705,435
Other Tax Items	2,450,634	2,593,255
Non-Property Taxes	340,834	336,179
Unrestricted Use of Money and Property	58,531	31,084
Forfeitures	16,671	2,380
Unrestricted State Aid	2,839,470	2,550,123
Miscellaneous	190,806	185,253
Total General Revenues	40,832,970	40,403,709
Total Revenues	43,028,860	42,805,944
PROGRAM EXPENSES		
General Support	4,062,799	3,807,719
Instruction	38,270,863	34,105,470
Pupil Transportation	1,438,710	1,293,869
Cost of Food Sales	595,078	594,951
Interest	443,262	499,291
Total Expenses	44,810,712	40,301,300
Change in Net Position	(1,781,852)	2,504,644
NET POSITION		
Beginning	15,933,363	13,428,719
Ending	\$ 14,151,511	\$ 15,933,363

As seen above, governmental activities decreased the School District's net position by \$1,781,852 during the current fiscal year. Noteworthy is the impact of the requirements of GASB Statement No. 45 that requires recognition of OPEB expenses and the provisions of GASB Statement No. 68 that requires the recognition of pension expenses. Other changes in these activities are described below:

Revenues

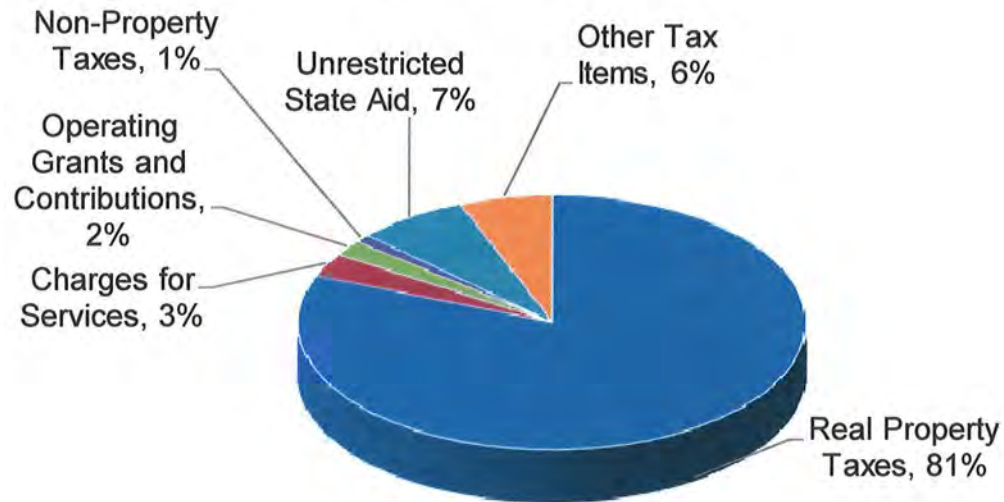
- Real property taxes increased by \$230,589. Although this was a result of a higher tax levy in the 2016-2017 fiscal year, it is noteworthy that it was under the maximum allowable tax levy limit associated with the NYS Real Property Tax Cap Legislation.
- Other tax items include reimbursements received from the School Tax Relief Reimbursement Program ("STAR"). STAR payments to the School District decreased from the prior year, as a result of the continuation of the 2% cap on STAR savings.
- The School District received \$58,531 in unrestricted interest earnings in 2016-2017, \$27,447 more than it received in the prior year as a result of the first uptick in interest rates in almost a decade.
- Non-property taxes increased by \$4,655 from the prior year reflecting a slight increase in sales tax revenue received by the School District from Westchester County in 2016-2017.
- Unrestricted State Aid allocated to the School District increased by \$289,347 from prior year amounts as a result of changes to the final Legislative enacted budget. Overall, the School District received slightly more than \$2.83 million in unrestricted State aid during this fiscal year.

Expenses

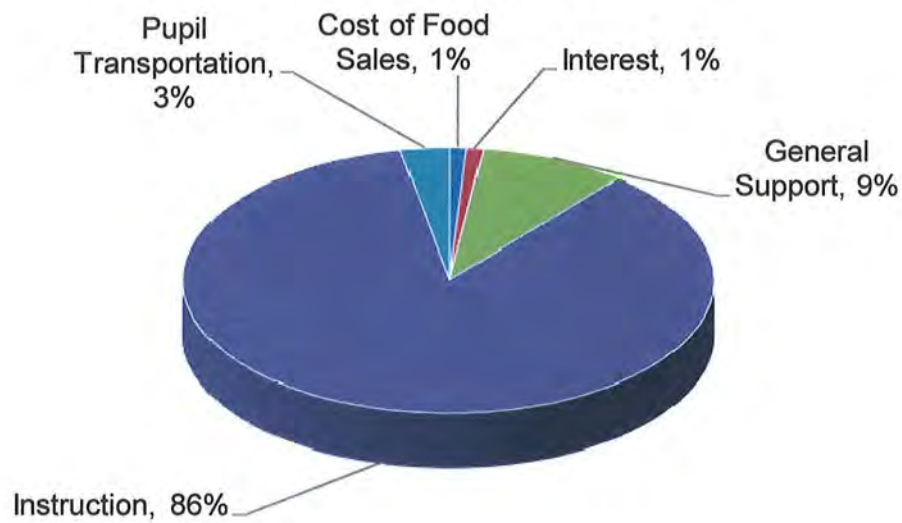
- General Support expenses increased by \$255,080. This increase is attributed to legal settlement costs incurred, contractual and/or Board-approved salary increases and additional operations and maintenance costs. Also noteworthy, are the results of the energy performance contract work that has been completed which has resulted in energy usage reductions that have translated into corresponding utility cost savings. These energy savings have helped offset some of the increased costs in other areas.
- Instruction program expenses increased by \$4,165,393 or 12% from the prior year. In part, this increase was due to mandates imposed on the School District as a result of existing collective bargaining agreements and the Triborough Amendment to the Taylor Law (as they relate to salaries and benefits paid to employees). It is also the result of an increase in the TRS pension expense recognized in the district-wide financial statements as per GASB 68 reporting requirements, primarily resulting from TRS's lowering of the discount rate from 8.0% to 7.5% resulting in an increase of the net pension liability.
- Pupil transportation costs increased by \$144,841. This was a result of rising contract transportation costs and an increase in the number of resident students attending private and special education schools located outside the School District's borders.
- The decrease in interest paid on outstanding debt was anticipated as a result of the savings gleaned from refinancing the 2005 serial bonds. Overall, debt service interest costs decreased by \$56,029 in 2016-2017.

As indicated on the charts located on the following page, the School District relies upon real property taxes as its primary revenue source. The School District's instruction costs account for 86% of its expenses.

Sources of Revenue for Fiscal Year Governmental Activities



Expenses for Fiscal Year 2017 Governmental Activities



Fund Balance Reporting

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements beginning with the period ending June 30, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Note: According to the Office of the State Comptroller, school districts in New York will not have committed fund balance to report.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. According to GASB, this pronouncement should result in an improvement in the usefulness of fund balance information.

Financial Analysis of the School District's Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a School District's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the School District itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Board of Education.

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$5,312,887, a decrease of \$370,409, or 6.5% from the prior year. A decrease in the total fund balance of the Capital Projects Fund of \$200,451 was a primary factor driving the overall decrease in combined total fund balances from the prior year. This decrease is attributed to costs related to the MS/HS Security Enhancement Project and Ridge Street School improvements. A decrease in the total unassigned fund balance in the General Fund of \$175,024 also contributed to the overall decrease in total fund balance. This decrease was a result of increased costs related to the overall operations of the School District. It is important to reiterate that in spite of the overall decrease, the unassigned fund balance of the General Fund was \$1,554,044 or 3.54% of the 2017-2018 School District's budget.

General Fund Budgetary Highlights

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2016-2017 of \$43,226,703 was increased by \$135,946 as a result of the rollover of prior year encumbrances and the appropriation of fund balance. As is typical during the fiscal year, appropriation transfers within the budget were made to address the operational needs of the School District. The final adjusted budget for the fiscal year ending June 30, 2017 was \$43,362,649.

Revenues exceeded the amount contained in the budget by \$146,940, and savings of \$1,253,005 were derived on the expenditure side of the budget, thus creating an operating surplus \$1,399,945 at June 30, 2017. The expenditure savings occurred as a result of favorable salary breakage across most functional areas, lower than expected employee benefits costs, and other savings realized by curtailing discretionary spending in all functional areas.

At the end of the current fiscal year, the total fund balance of the General Fund was \$4,688,391, of which \$1,554,044 was unassigned, representing 3.54% of the ensuing year's budget. As previously mentioned, New York State Law limits the amount of unassigned fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget.

The table on the following page outlines the various balances that comprise the total fund balance as of June 30, 2017 according to their GASB Statement No. 54 classifications along with what the former classifications would have been. More detailed information about the School District's fund balance is presented in note 3, G. in the notes to financial statements.

Total Fund Balance Classifications

GASB Statement No. 54 Classification	Previous Classifications	Fund Balance
Nonspendable Fund Balance	Reserved for Prepaid Expenditures	\$ 398,661
	Reserved for Inventories (School Lunch Fund)	5,421
	Reserved for Trust (Permanent Fund)	<u>2,920</u>
		<u>407,002</u>
Restricted Fund Balance	Reserved for Tax Certiorari	488,535
	Reserved for Employee Benefit Accrued Liability	325,475
	Reserved for Retirement Contributions	275,535
	Reserved for Debt Service (Debt Service Fund)	343,553
	Capital Projects Fund Balance	96,772
	Reserved for Trusts (Special Purpose Fund)	<u>84,045</u>
		<u>1,613,915</u>
Assigned Fund Balance	Reserved for Encumbrances:	
	General Government Support	24,355
	Instruction	52,945
	School Lunch Fund Unreserved Fund Balance	91,806
	Appropriated Fund Balance -	
	Unreserved and undesignated	<u>1,568,841</u>
		<u>1,737,947</u>
Unassigned Fund Balance	Unreserved and Undesignated - General Fund	1,554,044
	Unreserved and Undesignated – Permanent Fund	<u>(21)</u>
		<u>1,554,023</u>
Total Fund Balance (as of 6/30/17)		<u><u>\$ 5,312,887</u></u>

Capital Assets

At June 30, 2017, the School District had capital assets of \$34,095,956, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings and improvements and machinery and equipment. The change in capital assets, net of accumulated depreciation, is delineated below and provides comparative balances from the prior year.

Class	June 30,	
	2017	2016
Land	\$ 985,788	\$ 985,788
Construction-in-progress	176,355	84,802
Buildings and Improvements	32,729,989	33,730,876
Machinery and Equipment	203,824	218,199
Total Capital Assets, net of accumulated depreciation	<u>\$ 34,095,956</u>	<u>\$ 35,019,665</u>

The change in capital assets during the current fiscal year results primarily from accumulated depreciation expense of approximately \$1.1 million in Building and Improvements related to the energy performance contract capital project that was completed in the prior year.

More detailed information about the School District's capital assets is presented in note 3, B. in the notes to financial statements.

Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

	June 30,	
	2017	2016
Bonds Payable	\$ 13,514,220	\$ 15,354,512
Energy Performance Contract Payable	2,839,614	3,017,613
Compensated Absences	350,373	322,649
Net Pension Liability	2,356,003	1,722,595
Retirement Incentive Payable	570,000	495,000
Other Post Employment Benefit Obligations	18,726,328	16,338,251
Total	<u>\$ 38,356,538</u>	<u>\$ 37,250,620</u>

During the 2016-2017 fiscal year, the School District did not issue any new construction bonds to finance the cost of new additions and alterations to School District facilities nor did it enter into any new installment purchase agreements to fund the purchase of equipment. The School District did not issue tax anticipation notes or bond anticipation notes during the fiscal year.

At June 30, 2017, the School District reported a liability of \$1,018,104 for its proportionate share of the net pension liability of ERS and \$1,337,899 for TRS. The net pension liability for ERS was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liability for TRS was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

More detailed information about the School District's long-term liabilities is presented in note 3, D. in the notes to financial statements.

Conclusion

The School District is financially sound; it maintains a credit rating of Aa2. In spite of the uncertain economic times, rising personnel costs, additional State Education Department mandates, and particularly ambitious educational goals, the School District is prepared to meet future challenges. It has positioned the educational, financial, and human resources necessary to remain a stable and strong entity ready to serve the school-aged children of the Blind Brook community with an educational plan that provides academic rigor and high standards for all.

Effective internal controls are in place in its business office as is a prudent budget process, which yields a spending plan each year that is approved by the School Board and resident voters. The School District's total fund balance within its General Fund was \$4,688,391 for the year ended June 30, 2017. The School District has an unassigned fund balance in the General Fund of \$1,554,044, or 3.54% of the 2017-2018 budget. It has an additional \$1,646,141 in its assigned fund balances, of which \$1,568,841 has been appropriated to the 2017-2018 budget, and it has a restricted fund balance of \$1,089,545.

The School District heavily depends on its real property taxes, which represent approximately 80% of its revenue, exclusive of STAR funds. Although there are many unfunded mandates imposed on it, the School District requested a tax rate increase that is below Blind Brook's allowable tax levy increase for the 2016-2017 fiscal year. At the same time, the School District's share of State Aid is expected to be only slightly more than in the prior year. The challenge of presenting a fiscally responsible budget while meeting the needs of children will continue to require effective and efficient management of School District operations now and in future years. This is especially true considering the property tax cap law, enacted in Chapter 97 of the Laws of 2011, and extended by Chapter 20 of the Laws of 2015, which restricts tax levy increases for New York State local governments including public school districts.

This School District and Board monitor its fiscal health through analyses of monthly financial reports and the utilization of various audits. These analyses and audits assist in identifying areas of potential financial stress, developing realistic budgets that serve the academic and emotional needs of students, as well as, in making timely decisions when faced with important financial decisions. There are four types of auditors that assist in the School District setting: claims auditor, internal auditor, external auditor, and State auditors. Each has a very important role in ensuring that the School District is financially solvent and that the School Board upholds its fiduciary responsibilities to its community. They each inform that the School District's financial operations are performing in accordance with state laws and/or existing School Board policies and administrative regulations.

The audited financial statements that follow capture relevant data thus, validating the overall financial position of the School District for the year ending June 30, 2017.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Blind Brook-Rye Union Free School District
Attention: Jonathan Ross, Ed.D.
Superintendent of Schools
390 North Ridge Street
Rye Brook, New York 10573

Visit our Website at www.blindbrook.org

Blind Brook - Rye Union Free School District, New York

Statement of Net Position

June 30, 2017

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 7,378,798
Receivables	
Accounts	11,865
State and Federal aid	582,718
Due from other governments	85,618
Inventories	5,421
Prepaid expenses	398,661
Capital assets	
Not being depreciated	1,162,143
Being depreciated, net	32,933,813
Total Assets	42,559,037
DEFERRED OUTFLOWS OF RESOURCES	14,015,493
LIABILITIES	
Accounts payable	344,449
Accrued liabilities	73,422
Unearned revenues	44,899
Due to other governments	58,828
Due to retirement systems	2,628,596
Accrued interest payable	155,954
Non-current liabilities	
Due within one year	2,002,050
Due in more than one year	36,354,488
Total Liabilities	41,662,686
DEFERRED INFLOWS OF RESOURCES	760,333
NET POSITION	
Net investment in capital assets	17,863,392
Restricted	
Capital projects	96,772
Debt service	343,553
Tax certiorari	488,535
Retirement contributions	275,535
School lunch	97,227
Special purposes	84,045
Permanent Fund	2,899
Unrestricted	(5,100,447)
Total Net Position	\$ 14,151,511

The notes to financial statements are an integral part of this statement.

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Blind Brook - Rye Union Free School District, New York

Statement of Activities
Year Ended June 30, 2017

Functions/Programs:	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General support	\$ 4,062,799	\$ 137,262	\$ 3,133	\$ -
Instruction	38,270,863	735,561	711,627	-
Pupil transportation	1,438,710	8,636	-	-
Cost of food sales	595,078	551,372	45,125	-
Interest	443,262	-	-	3,174
Total Governmental Activities	<u>\$ 44,810,712</u>	<u>\$ 1,432,831</u>	<u>\$ 759,885</u>	<u>\$ 3,174</u>
				(42,614,822)
General revenues				
Real property taxes				34,936,024
Other tax items				
School tax relief reimbursement				2,450,634
Non-property taxes				
Non-property tax distribution from County				340,834
Unrestricted use of money and property				58,531
Sale of property and compensation for loss				16,671
Unrestricted State aid				2,839,470
Miscellaneous				190,806
Total General Revenues				<u>40,832,970</u>
Change in Net Position				(1,781,852)
Net Position - Beginning				<u>15,933,363</u>
Net Position - Ending				<u>\$ 14,151,511</u>

The notes to financial statements are an integral part of this statement.

Blind Brook - Rye Union Free School District, New York

Balance Sheet
Governmental Funds
June 30, 2017

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 6,512,307	\$ 25,762	\$ 245,813
Receivables			
Accounts	11,800	-	-
State and Federal aid	262,656	318,739	-
Due from other governments	85,618	-	-
Due from other funds	494,896	-	-
Inventories	-	-	-
Prepaid expenditures	398,661	-	-
Total Assets	<u>\$ 7,765,938</u>	<u>\$ 344,501</u>	<u>\$ 245,813</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 299,539	\$ 6,488	\$ 7,446
Accrued liabilities	73,422	-	-
Unearned revenues	-	4,072	-
Due to other funds	17,162	333,941	141,595
Due to other governments	58,828	-	-
Due to retirement systems	2,628,596	-	-
Total Liabilities	<u>3,077,547</u>	<u>344,501</u>	<u>149,041</u>
Fund balances (deficits)			
Nonspendable	398,661	-	-
Restricted	1,089,545	-	96,772
Assigned	1,646,141	-	-
Unassigned	1,554,044	-	-
Total Fund Balances	<u>4,688,391</u>	<u>-</u>	<u>96,772</u>
Total Liabilities and Fund Balances	<u>\$ 7,765,938</u>	<u>\$ 344,501</u>	<u>\$ 245,813</u>

The notes to the financial statements are an integral part of this statement.

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 594,916	\$ 7,378,798
65	11,865
1,323	582,718
-	85,618
-	494,896
5,421	5,421
-	398,661
<u>\$ 601,725</u>	<u>\$ 8,957,977</u>
\$ 30,976	\$ 344,449
-	73,422
40,827	44,899
2,198	494,896
-	58,828
-	2,628,596
<u>74,001</u>	<u>3,645,090</u>
8,341	407,002
427,598	1,613,915
91,806	1,737,947
(21)	1,554,023
<u>527,724</u>	<u>5,312,887</u>
<u>\$ 601,725</u>	<u>\$ 8,957,977</u>

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Blind Brook - Rye Union Free School District, New York

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2017

Fund Balances - Total Governmental Funds	\$ 5,312,887
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Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,095,956
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Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.

Deferred amounts on refunding bonds	121,270
Deferred amounts on net pension assets (liabilities)	13,133,890

13,255,160

Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable	(155,954)
Bonds payable	(13,514,220)
Energy performance contract payable	(2,839,614)
Compensated absences	(350,373)
Net pension obligation	(2,356,003)
Retirement incentive payable	(570,000)
Other post employment benefit obligations payable	(18,726,328)

(38,512,492)

Net Position of Governmental Activities	\$ 14,151,511
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The notes to financial statements are an integral part of this statement.

Blind Brook - Rye Union Free School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 34,936,024	\$ -	\$ -
Other tax items	2,450,634	-	-
Non-property taxes	340,834	-	-
Charges for services	744,197	-	-
Use of money and property	198,926	-	-
Sale of property and compensation for loss	16,671	-	-
State aid	2,945,551	103,048	-
Federal aid	-	456,983	-
Food sales	-	-	-
Miscellaneous	190,806	-	-
Total Revenues	41,823,643	560,031	-
EXPENDITURES			
Current			
General support	3,444,678	-	-
Instruction	25,546,549	585,793	-
Pupil transportation	1,224,651	-	-
Employee benefits	9,326,756	-	-
Cost of food sales	-	-	-
Capital outlay	-	-	198,076
Debt service			
Principal	1,782,999	-	-
Interest	671,807	-	-
Total Expenditures	41,997,440	585,793	198,076
Excess (Deficiency) of Revenues Over Expenditures	(173,797)	(25,762)	(198,076)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	25,762	9,142
Transfers out	(34,904)	-	(11,517)
Total Other Financing Sources (Uses)	(34,904)	25,762	(2,375)
Net Change in Fund Balances	(208,701)	-	(200,451)
FUND BALANCES			
Beginning of Year	4,897,092	-	297,223
End of Year	\$ 4,688,391	\$ -	\$ 96,772

The notes to financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 34,936,024
-	2,450,634
-	340,834
-	744,197
3,882	202,808
-	16,671
3,170	3,051,769
41,225	498,208
551,372	551,372
45,537	236,343
645,186	43,028,860
-	3,444,678
29,495	26,161,837
-	1,224,651
-	9,326,756
588,465	588,465
-	198,076
-	1,782,999
-	671,807
617,960	43,399,269
27,226	(370,409)
11,517	46,421
-	(46,421)
11,517	-
38,743	(370,409)
488,981	5,683,296
\$ 527,724	\$ 5,312,887

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Blind Brook - Rye Union Free School District, New York

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended June 30, 2017

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (370,409)</u>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures	237,506
Depreciation expense	<u>(1,161,215)</u>
	<u>(923,709)</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal paid on serial bonds	1,605,000
Principal paid on energy performance contract debt	177,999
Amortization of loss on refunding bonds and issuance premium	<u>211,202</u>
	<u>1,994,201</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	17,343
Compensated absences	(27,724)
Retirement incentive payable	(75,000)
Pension assets (obligations)	(8,477)
Other post employment benefit obligations payable	<u>(2,388,077)</u>
	<u>(2,481,935)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (1,781,852)</u></u>
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The notes to financial statements are an integral part of this statement.

Blind Brook - Rye Union Free School District, New York

Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General and Special Aid Funds
Year Ended June 30, 2017

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 34,935,536	\$ 34,935,536	\$ 34,936,024	\$ 488
Other tax items	2,450,634	2,450,634	2,450,634	-
Non-property taxes	335,000	335,000	340,834	5,834
Charges for services	775,000	775,000	744,197	(30,803)
Use of money and property	110,000	110,000	198,926	88,926
Sale of property and compensation for loss	-	-	16,671	16,671
State aid	2,956,533	2,956,533	2,945,551	(10,982)
Federal aid	-	-	-	-
Miscellaneous	114,000	114,000	190,806	76,806
Total Revenues	41,676,703	41,676,703	41,823,643	146,940
EXPENDITURES				
Current				
General support	3,757,980	3,838,508	3,444,678	393,830
Instruction	26,177,087	26,249,542	25,546,549	702,993
Pupil transportation	1,247,846	1,274,146	1,224,651	49,495
Community services	1,000	1,000	-	1,000
Employee benefits	9,643,311	9,498,773	9,326,756	172,017
Debt service				
Principal	1,782,999	1,782,999	1,782,999	-
Interest	671,807	671,807	671,807	-
Total Expenditures	43,282,030	43,316,775	41,997,440	1,319,335
Deficiency of Revenues Over Expenditures	(1,605,327)	(1,640,072)	(173,797)	1,466,275
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(36,700)	(45,874)	(34,904)	10,970
Total Other Financing Sources (Uses)	(36,700)	(45,874)	(34,904)	10,970
Net Change in Fund Balances	(1,642,027)	(1,685,946)	(208,701)	1,477,245
FUND BALANCES				
Beginning of Year	1,642,027	1,685,946	4,897,092	3,211,146
End of Year	\$ -	\$ -	\$ 4,688,391	\$ 4,688,391

The notes to financial statements are an integral part of this statement.

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
92,110	92,110	103,048	10,938
538,850	538,850	456,983	(81,867)
-	-	-	-
630,960	630,960	560,031	(70,929)
-	-	-	-
667,660	667,660	585,793	81,867
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
667,660	667,660	585,793	81,867
(36,700)	(36,700)	(25,762)	10,938
36,700	36,700	25,762	(10,938)
-	-	-	-
36,700	36,700	25,762	(10,938)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Blind Brook - Rye Union Free School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2017

	Agency Fund
	<u> </u>
ASSETS	
Cash and equivalents	\$ 179,964
Accounts receivable	<u>1,643</u>
Total Assets	<u><u>\$ 181,607</u></u>
 LIABILITIES	
Deposits payable	\$ 108,714
Student activity funds	<u>72,893</u>
Total Liabilities	<u><u>\$ 181,607</u></u>

The notes to financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The Blind Brook - Rye Union Free School District, New York ("School District"), as presently constituted, was established in 1950 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the School District, b) organizations for which the School District is financially accountable and c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. Copies of BOCES' financial statement can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided or used.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted, committed to expenditures for specified purposes other than debt service or capital projects. The

Note 1 - Summary of Significant Accounting Policies (Continued)

major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds. The major revenues of this fund are State and Federal aid.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the lunch program of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

Permanent Fund - The Permanent Fund is used to account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs.

- b. Fiduciary Fund (Not Included in District-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for deposits that are payable to other jurisdictions.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are

Note 1 - Summary of Significant Accounting Policies (Continued)

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liabilities, retirement incentives and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with

Note 1 - Summary of Significant Accounting Policies (Continued)

unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2017.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable in two installments in September and January. The Town of Rye is responsible for the billing and collection of the taxes. The Town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenses/expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventories - Inventories in the School Lunch Fund consists of surplus food and supplies and are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consists of insurance costs and other charges for services, which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent years budget and will benefit such periods. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	20-50
Land Improvements	15-40
Machinery and Equipment	5-15

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the district-wide financial statements, unearned revenues consists of amounts received in advance and/or grants received before the eligibility requirements have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$4,072 in the Special Aid Fund for State and Federal aid received in advance and \$40,827 for meal purchases in advance in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The School District reported deferred outflows of resources of \$121,270 for a deferred loss on refunding bonds in the governmental-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The School District also reports deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the School District's pension plans in Note 3D.

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide statement of net position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The

Note 1 - Summary of Significant Accounting Policies (Continued)

financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position on the Statement of Net Position includes net investment in capital assets, restricted for capital projects, debt service, tax certiorari, retirement contributions, school lunch, special purposes and Permanent Fund. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the School District removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or the Assistant Superintendent of Finance and Facilities for the amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund

Note 1 - Summary of Significant Accounting Policies (Continued)

includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General and Special Aid funds. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is August 28, 2017.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch, Special Purpose, Debt Service or Permanent funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Board of Education.

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Property Tax Limitation

The School District is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments, including school districts.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a school district in a particular year. The original legislation that established the Tax Levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of two percent or the annual increase in the consumer price index. Certain adjustments would be permitted as defined by Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation only if the budget is approved by at least 60% of the vote. There are certain exemptions to the tax levy limitation, such as expenditures made on account of certain tort settlements and certain increases in the actuarial contribution rates of the various public employee retirement systems.

D. Deficit

The Permanent Fund reflects an unassigned deficit of \$21 at June 30, 2017. This was the result of expenditures of student awards in excess of the corpus of the fund due to the low interest rate environment. The School District will look to modify the terms of the original bequest.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The composition of interfund balances at June 30, 2017 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 494,896	\$ 17,162
Special Aid	-	333,941
Capital Projects	-	141,595
Non-Major Governmental	-	2,198
	<u>\$ 494,896</u>	<u>\$ 494,896</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payment between funds are made.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)**B. Capital Assets**

Changes in the School District's capital assets are as follows:

Class	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets, not being depreciated:				
Land	\$ 985,788	\$ -	\$ -	\$ 985,788
Construction-in-progress	84,802	96,029	4,476	176,355
Total Capital Assets, not being depreciated	<u>\$ 1,070,590</u>	<u>\$ 96,029</u>	<u>\$ 4,476</u>	<u>\$ 1,162,143</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 53,580,187	\$ 106,521	\$ -	\$ 53,686,708
Machinery and Equipment	1,954,512	39,432	120,307	1,873,637
Total Capital Assets, being depreciated	<u>55,534,699</u>	<u>145,953</u>	<u>120,307</u>	<u>55,560,345</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	19,849,311	1,107,408	-	20,956,719
Machinery and Equipment	1,736,313	53,807	120,307	1,669,813
Total Accumulated Depreciation	<u>21,585,624</u>	<u>1,161,215</u>	<u>120,307</u>	<u>22,626,532</u>
Total Capital Assets, being depreciated, net	<u>\$ 33,949,075</u>	<u>\$ (1,015,262)</u>	<u>\$ -</u>	<u>\$ 32,933,813</u>
Capital Assets, net	<u>\$ 35,019,665</u>	<u>\$ (919,233)</u>	<u>\$ 4,476</u>	<u>\$ 34,095,956</u>

Depreciation expense was charged to School District functions and programs as follows:

General support	\$ 22,860
Instruction	1,099,784
Cost of food sales	6,613
Pupil transportation	<u>31,958</u>
Total Depreciation Expense	<u>\$ 1,161,215</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2017 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 73,422</u>

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)**D. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2017:

	Balance July 1, 2016	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2017	Due Within One-Year
Bonds Payable -					
Capital Construction	\$ 13,455,000	\$ -	\$ 1,605,000	\$ 11,850,000	\$ 1,620,000
Plus - Unamortized Premium on Bonds	1,899,512	-	235,292	1,664,220	-
	15,354,512	-	1,840,292	13,514,220	1,620,000
Energy Performance					
Contract Payable	3,017,613	-	177,999	2,839,614	182,050
Other Non-current Liabilities:					
Compensated Absences	322,649	59,724	32,000	350,373	35,000
Net Pension Liability	1,722,595	633,408	-	2,356,003	-
Retirement Incentive Payable	495,000	130,000	55,000	570,000	165,000
Other Post Employment Benefit Obligations	16,338,251	3,568,095	1,180,018	18,726,328	-
Total Other Non- Current Liabilities	18,878,495	4,391,227	1,267,018	22,002,704	200,000
Total Long-Term Liabilities	\$ 37,250,620	\$ 4,391,227	\$ 3,285,309	\$ 38,356,538	\$ 2,002,050

Each governmental fund's liability for bonds payable, energy performance contract payable, compensated absences, net pension liability, retirement incentive payable and other post employment benefit obligations is liquidated by the General Fund.

Bonds Payable

Bonds payable at June 30, 2017 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2017
Refunding Bonds	2011	\$ 8,405,000	February, 2021	4.00-5.00%	\$ 3,270,000
Refunding Bonds	2014	10,085,000	November, 2025	4.00-5.00%	8,580,000
					<u>\$ 11,850,000</u>

Interest expenditures of \$604,525 were recorded in the fund financial statements in the General Fund. Interest expense of \$376,898 was recorded in the district-wide financial statements.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Energy Performance Contract Debt Payable

The School District, in January 2015, entered into a \$3,070,767 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fifteen years, with semi-annual installments of \$122,641, including interest, through July 2030. Payments include interest at 2.26%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. The balance due at June 30, 2017 was \$2,839,614.

Interest expenditures of \$67,282 were recorded in the fund financial statements in the General Fund. Interest expense of \$66,364 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded and energy performance contract debt outstanding as of June 30, 2017 including interest payments of \$2,895,559 are as follows:

Year Ending June 30,	Bonds		Energy Performance Contract		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,620,000	\$ 543,650	\$ 182,050	\$ 63,232	\$ 1,802,050	\$ 606,882
2019	1,640,000	478,150	186,193	59,089	1,826,193	537,239
2020	1,675,000	403,700	190,430	54,852	1,865,430	458,552
2021	1,710,000	323,250	194,763	50,518	1,904,763	373,768
2022	945,000	236,625	199,195	46,086	1,144,195	282,711
2023-2027	4,260,000	438,500	1,066,068	160,338	5,326,068	598,838
2028-2031	-	-	820,915	37,569	820,915	37,569
	<u>\$ 11,850,000</u>	<u>\$ 2,423,875</u>	<u>\$ 2,839,614</u>	<u>\$ 471,684</u>	<u>\$ 14,689,614</u>	<u>\$ 2,895,559</u>

The above general obligation bonds and energy performance contract debt are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Compensated Absences

Under the terms of existing collective bargaining agreements, the School District is required to compensate its employees for accumulated vacation and sick time which does not exceed limits stated in the respective agreements. The value of the compensated absences has been reflected in the district-wide financial statements.

Pension Plans

Employees' Retirement System

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2017 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I	21.6 %
4 A15	15.9
5 A15	13.1
6 A15	9.3

At June 30, 2017, the School District reported a liability of \$1,018,104 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2017, the School District's proportion was .0108352%, which was an increase of .0001027% from its proportion measured as of March 31, 2016.

For the year ended June 30, 2017, the School District recognized pension expense in the district-wide financial statements of \$623,243. Pension expenditures of \$522,822 were recorded in the fund financial statements and were charged to the General Fund. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,513	\$ 154,605
Changes of assumptions	347,822	-
Net difference between projected and actual earnings on pension plan investments	203,357	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	150,606	12,751
School District contributions subsequent to the measurement date	<u>148,704</u>	<u>-</u>
	<u>\$ 876,002</u>	<u>\$ 167,356</u>

\$148,704 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

<u>Year Ended March 31,</u>	
2018	\$ 233,144
2019	233,144
2020	210,817
2021	(117,163)
Thereafter	-

The total pension liability for the March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. Significant actuarial assumptions used in the April 1, 2016 valuation were as follows:

Inflation	2.5%
Salary scale	3.8%, indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3% annually

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.75
Real Estate	10	5.80
Absolute Return Strategies	2	4.00
Opportunistic Portfolio	3	5.89
Real Assets	3	5.54
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.50
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 3,251,623</u>	<u>\$ 1,018,104</u>	<u>\$ (870,332)</u>

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension liability of ERS as of the March 31, 2017 measurement date were as follows:

Total pension liability	\$ 177,400,586,000
ERS fiduciary net position	<u>168,004,363,000</u>
Employers' net pension liability	<u>\$ 9,396,223,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>94.7%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2017 were \$148,704.

Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rate for the plan's year ending in 2017 was 11.72%.

At June 30, 2017, the School District reported a liability of \$1,337,899 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2016, the School District's proportion was .124916%, which was an increase of .002633% from its proportion measured at June 30, 2015.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended June 30, 2017, the School District recognized pension expense in the district-wide financial statements of \$2,197,453. Pension expenditures of \$2,289,397 were recorded in the fund financial statements and were charged to the General Fund. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 434,625
Changes of assumptions	7,621,525	-
Net difference between projected and actual earnings on pension plan investments	3,008,301	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	69,170	158,352
School District contributions subsequent to the measurement date	2,319,225	-
	<u>\$ 13,018,221</u>	<u>\$ 592,977</u>

\$2,319,225 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

Year Ended June 30,	
2017	\$ 914,326
2018	914,326
2019	3,250,655
2020	2,523,755
2021	1,148,691
Thereafter	1,354,266

The total pension liability for the June 30, 2016 measurement date was determined by using an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation	2.5%
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent TRS member experience.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Service</u>	<u>Rate</u>
	5	4.72 %
	15	3.46
	25	2.37
	35	1.90
Projected COLAs	1.5% compounded annually	
Investment rate of return	7.5% compounded annually, net of pension plan investment expense, including inflation	

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation date of June 30, 2015 is summarized in the following table:

<u>Asset Class:</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Equities:		
Domestic equities	37 %	6.10 %
International equities	18	7.30
Real estate	10	5.40
Alternative investments	7	9.20
Total Equities	72	
Fixed Income:		
Domestic fixed income securities	17	1.00
Global fixed income securities	2	0.80
Mortgages	8	3.10
Short-term	1	0.10
Total Fixed Income	28	
Total	100 %	

* Real rates of return are net of the long-term inflation assumption of 2.1% for 2015.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 17,455,934</u>	<u>\$ 1,337,899</u>	<u>\$ (12,181,064)</u>

The components of the collective net pension liability of TRS as of the June 30, 2016 measurement date were as follows:

Total pension liability	\$ 108,577,184,039
TRS fiduciary net position	<u>107,506,142,099</u>
Employers' net pension liability	<u>\$ 1,071,041,940</u>
TRS fiduciary net position as a percentage of total pension liability	<u>99.01%</u>

Employer and employee contributions for the year ended June 30, 2017 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of June 30, 2017 were \$2,479,892.

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Note 3 - Detailed Notes on All Funds (Continued)

Retirement Incentive Payable

In the prior year, the School District entered into a retirement incentive agreement with an employee. The School District agreed to provide for forty quarterly payments of \$13,750 commencing in July, 2015. The balance due at June 30, 2017 is \$440,000.

In the current year, the School District entered into a retirement incentive agreement with the Blind Brook Federation of Teachers. For teachers with twenty or more years of service to the School District who retired as of June 30, 2017, a non-elective employer contribution of \$30,000 would be made into their 403-b accounts in July 2017. For teachers with at least ten years but less than twenty years of service to the School District who retired as of June 30, 2017, a non-elective employer contribution of \$20,000 would be made into their 403-b accounts, payable \$10,000 in July 2017 and \$10,000 in July 2018. The balance due at June 30, 2017 is \$130,000.

Other Post Employment Benefit Obligations

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid.

The School District's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 established standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The School District is required to accrue on the district-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

Year Ended June 30,	Health Care Cost Trend Rate
2018	5.40 %
2019	5.40
2020	5.30
2021	5.30
2022+	3.94-5.30

The amortization basis is the level dollar method with a closed amortization approach with 21 years remaining in the amortization period. The actuarial assumptions include a 5.0% investment rate of return, a 2.2% inflation rate and a 4.0% annual payroll growth rate. The School District currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit cost method.

The number of participants as of June 30, 2017 was as follows:

Active Employees	213
Retired Employees	<u>97</u>
	<u>310</u>
Amortization Component	
Actuarial Accrued Liability as of July 1, 2016	\$ 39,538,971
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 39,538,971</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 24,935,093</u>
UAAL as a Percentage of Covered Payroll	<u>158.57%</u>
Annual Required Contribution	\$ 3,363,125
Interest on Net OPEB Obligation	816,913
Adjustment to Annual Required Contribution	<u>(611,943)</u>
Annual OPEB Cost	3,568,095
Contributions Made	<u>(1,180,018)</u>
Increase in Net OPEB Obligation	2,388,077
Net OPEB Obligation - Beginning of Year	<u>16,338,251</u>
Net OPEB Obligation - End of Year	<u>\$ 18,726,328</u>

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 3,568,095	33.07 %	\$ 18,726,328
2016	3,267,032	35.13	16,338,251
2015	3,095,322	37.99	14,218,842

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

E. Revenues and Expenditures**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	
General Fund	\$ 25,762	\$ 9,142	\$ -	\$ 34,904
Capital Projects Fund	-	-	11,517	11,517
	<u>\$ 25,762</u>	<u>\$ 9,142</u>	<u>\$ 11,517</u>	<u>\$ 46,421</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects funds expenditures.

F. Net Position

The components of net position are detailed below:

Net investment in capital assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

Restricted for Tax Certiorari - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

Restricted for Retirement Contributions - the component of net position that reports the amounts set aside to be used for retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for School Lunch - the component of net position that reports the difference between assets and liabilities in the School Lunch Fund.

Restricted for Special Purposes - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

Restricted for Permanent Fund - the component of net position that reports the difference between assets and liabilities of the non-expendable trust with constraints placed on their use by external parties.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

G. Fund Balances

	2017				2016			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:								
Inventories	\$ -	\$ -	\$ 5,421	\$ 5,421	\$ -	\$ -	\$ 2,939	\$ 2,939
Prepaid expenditures	398,661	-	-	398,661	334,441	-	-	334,441
Permanent Fund	-	-	2,920	2,920	-	-	2,920	2,920
Total Nonspendable	398,661	-	8,341	407,002	334,441	-	5,859	340,300
Restricted:								
Tax certiorari	488,535	-	-	488,535	493,372	-	-	493,372
Employee benefit accrued liability	325,475	-	-	325,475	322,649	-	-	322,649
Retirement contributions	275,535	-	-	275,535	375,535	-	-	375,535
Debt service	-	-	343,553	343,553	-	-	328,862	328,862
Capital projects	-	96,772	-	96,772	-	297,223	-	297,223
Special purposes	-	-	84,045	84,045	-	-	67,926	67,926
Permanent fund	-	-	-	-	-	-	78	78
Total Restricted	1,089,545	96,772	427,598	1,613,915	1,191,556	297,223	396,866	1,885,645
Assigned:								
Purchases on order:								
General government support	24,355	-	-	24,355	76,008	-	-	76,008
Instruction	52,945	-	-	52,945	16,019	-	-	16,019
	77,300	-	-	77,300	92,027	-	-	92,027
For subsequent year's expenditures -								
General Fund	1,568,841	-	-	1,568,841	1,550,000	-	-	1,550,000
School Lunch Fund	-	-	91,806	91,806	-	-	86,256	86,256
Total Assigned	1,646,141	-	91,806	1,737,947	1,642,027	-	86,256	1,728,283
Unassigned	1,554,044	-	(21)	1,554,023	1,729,068	-	-	1,729,068
Total Fund Balances	\$ 4,688,391	\$ 96,772	\$ 527,724	\$ 5,312,887	\$ 4,897,092	\$ 297,223	\$ 488,981	\$ 5,683,296

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Prepaid Expenditures represents health insurance payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The corpus of the Permanent Fund has been classified as nonspendable to indicate the portion of the trust with constraints placed on its use by external parties.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6-p of the General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2017, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the Permanent Fund represents expenditures in excess of the corpus.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which may require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time as negotiations are ongoing. Any payments resulting from adverse decisions will be funded in the year the payment is made.

The School District is a defendant in actions in which, on occasion, parents seek reimbursement for tuition paid by them to private schools where they have unilaterally placed (enrolled) their children. If the parents' were successful in the claim, they could receive reimbursement for both tuition and attorney's fees. The School District rigorously contests any liability for these claims, as it feels: a) it had provided an appropriate placement for the children at issue; and b) the parents' unilateral placement are not consistent with the Individuals with Educational Disabilities Act. As mentioned above, the School District is contesting that any and all cases should be dismissed. However, it is not possible to express an opinion on the outcome of these matters.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million, an umbrella liability policy with coverage of \$15 million and liability coverage for school board members up to \$1 million.

The School District and neighboring school districts in Southern Westchester County, participate in the Southern Westchester Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participants' experience rating and payroll reported for the prior year. The School District has transferred all related risk to the Plan.

Health benefits are provided to employees through the New York State Health Insurance Program. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Blind Brook - Rye Union Free School District, New York

Required Supplementary Information - Schedule of Funding Progress

Other Post Employment Benefits

Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2016	\$ -	\$ 39,538,971	\$ 39,538,971	- %	\$ 24,935,093	158.57 %
July 1, 2015	-	36,803,640	36,803,640	-	24,130,901	152.52
July 1, 2014	-	34,550,546	34,550,546	-	20,097,758	171.91

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Required Supplementary Information - Schedule of the
School District's Proportionate Share of the Net Pension Liability (Asset)
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

	2017 (2)	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.124916%</u>	<u>0.122283%</u>	<u>0.124797%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 1,337,899</u>	<u>\$ (12,701,354)</u>	<u>\$ (13,901,646)</u>
School District's covered payroll	<u>\$ 19,509,451</u>	<u>\$ 18,719,625</u>	<u>\$ 18,434,511</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>6.86%</u>	<u>(67.85%)</u>	<u>(75.41%)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

Blind Brook - Rye Union Free School District, New York**Required Supplementary Information - Schedule of Contributions
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,319,225	\$ 2,586,952	\$ 3,281,550
Contributions in relation to the contractually required contribution	<u>(2,319,225)</u>	<u>(2,586,952)</u>	<u>(3,281,550)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 19,788,608</u>	<u>\$ 19,509,451</u>	<u>\$ 18,719,625</u>
Contributions as a percentage of covered payroll	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Blind Brook - Rye Union Free School District, New York

Required Supplementary Information - Schedule of the
School District's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	2017	2016 (2)	2015
School District's proportion of the net pension liability	<u>0.0108352%</u>	<u>0.0107325%</u>	<u>0.0115245%</u>
School District's proportionate share of the net pension liability	<u>\$ 1,018,104</u>	<u>\$ 1,722,595</u>	<u>\$ 389,326</u>
School District's covered payroll	<u>\$ 3,610,534</u>	<u>\$ 3,589,864</u>	<u>\$ 3,494,258</u>
School District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>28.20%</u>	<u>47.98%</u>	<u>11.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

Blind Brook - Rye Union Free School District, New York**Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 521,470	\$ 575,684	\$ 581,395
Contributions in relation to the contractually required contribution	<u>(521,470)</u>	<u>(575,684)</u>	<u>(581,395)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 3,633,575</u>	<u>\$ 3,555,324</u>	<u>\$ 3,573,486</u>
Contributions as a percentage of covered payroll	<u>14.35%</u>	<u>16.19%</u>	<u>16.27%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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Blind Brook - Rye Union Free School District, New York

General Fund
Comparative Balance Sheet
June 30,

	2017	2016
ASSETS		
Cash and equivalents	\$ 6,512,307	\$ 7,025,973
Receivables		
Accounts	11,800	28,682
State and Federal aid	262,656	210,311
Due from other governments	85,618	84,010
Due from other funds	494,896	546,643
	854,970	869,646
Prepaid expenditures	398,661	334,441
Total Assets	\$ 7,765,938	\$ 8,230,060
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 299,539	\$ 223,985
Accrued liabilities	73,422	143,525
Due to other funds	17,162	-
Due to other governments	58,828	76,325
Due to retirement systems	2,628,596	2,889,133
Total Liabilities	3,077,547	3,332,968
Fund balance		
Nonspendable	398,661	334,441
Restricted	1,089,545	1,191,556
Assigned	1,646,141	1,642,027
Unassigned	1,554,044	1,729,068
Total Fund Balance	4,688,391	4,897,092
Total Liabilities and Fund Balance	\$ 7,765,938	\$ 8,230,060

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended June 30,

	2017				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
REVENUES					
Real property taxes	\$ 34,935,536	\$ 34,935,536	\$ 34,936,024	\$	\$ 488
Other tax items	2,450,634	2,450,634	2,450,634		-
Non-property taxes	335,000	335,000	340,834		5,834
Charges for services	775,000	775,000	744,197		(30,803)
Use of money and property	110,000	110,000	198,926		88,926
Sale of property and compensation for loss	-	-	16,671		16,671
State aid	2,956,533	2,956,533	2,945,551		(10,982)
Miscellaneous	114,000	114,000	190,806		76,806
Total Revenues	41,676,703	41,676,703	41,823,643		146,940
EXPENDITURES					
Current					
General support					
Board of education	41,350	41,350	30,344	1,612	9,394
Central administration	418,975	368,572	353,204	-	15,368
Finance	411,273	380,292	365,608	-	14,684
Staff	207,114	370,230	344,705	-	25,525
Central services	2,232,609	2,223,435	1,900,506	22,743	300,186
Special items	446,659	454,629	450,311	-	4,318
Total General Support	3,757,980	3,838,508	3,444,678	24,355	369,475
Instruction					
Instruction, administration and improvement	2,258,576	2,296,368	2,189,029	-	107,339
Teaching - Regular school	14,575,603	14,590,417	14,449,162	897	140,358
Programs for students with disabilities	5,710,236	5,693,454	5,483,274	35,433	174,747
Instructional media	1,198,088	1,195,576	1,155,629	384	39,563
Pupil services	2,434,584	2,473,727	2,269,455	16,231	188,041
Total Instruction	26,177,087	26,249,542	25,546,549	52,945	650,048
Pupil transportation	1,247,846	1,274,146	1,224,651	-	49,495
Community services	1,000	1,000	-	-	1,000
Employee benefits	9,643,311	9,498,773	9,326,756	-	172,017
Debt service					
Principal	1,782,999	1,782,999	1,782,999	-	-
Interest	671,807	671,807	671,807	-	-
Total Expenditures	43,282,030	43,316,775	41,997,440	77,300	1,242,035
Excess (Deficiency) of Revenues Over Expenditures	(1,605,327)	(1,640,072)	(173,797)	(77,300)	1,388,975
OTHER FINANCING USES					
Transfers out	(36,700)	(45,874)	(34,904)	-	10,970
Net Change in Fund Balance	(1,642,027)	(1,685,946)	(208,701)	\$ (77,300)	\$ 1,399,945
FUND BALANCE					
Beginning of Year	1,642,027	1,685,946	4,897,092		
End of Year	\$ -	\$ -	\$ 4,688,391		

See independent auditors' report.

2016				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 34,705,354	\$ 34,705,354	\$ 34,705,435	\$	\$ 81
2,593,255	2,593,255	2,593,255		-
335,000	335,000	336,179		1,179
650,000	650,000	699,511		49,511
105,000	105,000	140,747		35,747
250	250	2,380		2,130
2,779,537	2,779,537	2,673,500		(106,037)
102,500	102,500	185,253		82,753
41,270,896	41,270,896	41,336,260		65,364
51,350	51,350	41,395	-	9,955
499,850	531,404	524,556	1,500	5,348
405,239	405,221	385,219	1	20,001
227,064	229,064	193,368	-	35,696
2,313,048	2,311,994	1,817,144	74,507	420,343
428,680	430,371	430,371	-	-
3,925,231	3,959,404	3,392,053	76,008	491,343
2,160,165	2,163,064	2,078,406	1,026	83,632
14,348,716	14,359,070	14,113,600	4,017	241,453
5,363,156	5,375,589	5,168,052	1,755	205,782
1,129,551	1,168,213	1,158,614	-	9,599
2,308,317	2,360,962	2,249,514	9,221	102,227
25,309,905	25,426,898	24,768,186	16,019	642,693
1,222,166	1,222,166	1,100,586	-	121,580
1,000	1,000	-	-	1,000
9,744,886	9,682,671	9,259,591	-	423,080
1,618,154	1,618,154	1,618,154	-	-
725,886	725,886	725,886	-	-
42,547,228	42,636,179	40,864,456	92,027	1,679,696
(1,276,332)	(1,365,283)	471,804	(92,027)	1,745,060
(133,808)	(133,808)	(132,429)	-	1,379
(1,410,140)	(1,499,091)	339,375	\$ (92,027)	\$ 1,746,439
1,410,140	1,499,091	4,557,717		
\$ -	\$ -	\$ 4,897,092		

Blind Brook - Rye Union Free School District, New York

General Fund

Schedule of Revenues Compared to Budget

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	<u>\$ 34,935,536</u>	<u>\$ 34,935,536</u>	<u>\$ 34,936,024</u>	<u>\$ 488</u>
OTHER TAX ITEMS				
School tax relief reimbursement	<u>2,450,634</u>	<u>2,450,634</u>	<u>2,450,634</u>	<u>-</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>335,000</u>	<u>335,000</u>	<u>340,834</u>	<u>5,834</u>
CHARGES FOR SERVICES				
Day school tuition	425,000	425,000	416,908	(8,092)
Other services for other districts and other governments	325,000	325,000	318,653	(6,347)
Transportation for other districts	<u>25,000</u>	<u>25,000</u>	<u>8,636</u>	<u>(16,364)</u>
	<u>775,000</u>	<u>775,000</u>	<u>744,197</u>	<u>(30,803)</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	35,000	35,000	61,664	26,664
Rental of real property	<u>75,000</u>	<u>75,000</u>	<u>137,262</u>	<u>62,262</u>
	<u>110,000</u>	<u>110,000</u>	<u>198,926</u>	<u>88,926</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	16,243	16,243
Other	<u>-</u>	<u>-</u>	<u>428</u>	<u>428</u>
	<u>-</u>	<u>-</u>	<u>16,671</u>	<u>16,671</u>

STATE AID

Basic formula	2,676,748	2,455,477	2,368,197	(87,280)
Lottery	-	242,662	305,084	62,422
BOCES	156,000	166,126	166,189	63
Textbooks	123,785	92,268	68,613	(23,655)
Computer software	-	-	27,975	27,975
Library materials	-	-	9,493	9,493
	<u>2,956,533</u>	<u>2,956,533</u>	<u>2,945,551</u>	<u>(10,982)</u>

MISCELLANEOUS

Refund of prior year's expenditures	53,500	53,500	126,447	72,947
Other	<u>60,500</u>	<u>60,500</u>	<u>64,359</u>	<u>3,859</u>
	<u>114,000</u>	<u>114,000</u>	<u>190,806</u>	<u>76,806</u>

TOTAL REVENUES

<u>\$ 41,676,703</u>	<u>\$ 41,676,703</u>	<u>\$ 41,823,643</u>	<u>\$ 146,940</u>
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Blind Brook - Rye Union Free School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 20,800	\$ 20,108	\$ 16,113	\$ 1,612	\$ 2,383
District clerk	5,300	5,300	5,050	-	250
District meeting	15,250	15,942	9,181	-	6,761
Total Board of Education	41,350	41,350	30,344	1,612	9,394
CENTRAL ADMINISTRATION					
Chief school administrator	418,975	368,572	353,204	-	15,368
FINANCE					
Business administration	258,523	230,723	216,603	-	14,120
Auditing	33,750	39,250	39,250	-	-
Treasurer	115,000	106,319	105,805	-	514
Purchasing	4,000	4,000	3,950	-	50
Total Finance	411,273	380,292	365,608	-	14,684
STAFF					
Legal	125,000	288,116	287,063	-	1,053
Personnel	34,500	34,500	14,558	-	19,942
Public information and services	47,614	47,614	43,084	-	4,530
Total Staff	207,114	370,230	344,705	-	25,525

CENTRAL SERVICES

Operation and maintenance of plant	2,213,348	2,204,174	1,882,314	22,743	299,117
Central printing and mailing	19,261	19,261	18,192	-	1,069
Total Central Services	2,232,609	2,223,435	1,900,506	22,743	300,186

SPECIAL ITEMS

Unallocated insurance	185,691	185,691	184,774	-	917
Assessments on school property	32,693	32,693	29,292	-	3,401
Refund of real property taxes	-	7,970	7,970	-	-
Administrative charge - BOCES	173,275	173,275	173,275	-	-
Other	55,000	55,000	55,000	-	-

Total Special Items	446,659	454,629	450,311	-	4,318
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Total General Support	3,757,980	3,838,508	3,444,678	24,355	369,475
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INSTRUCTION**INSTRUCTION, ADMINISTRATION
AND IMPROVEMENT**

Curriculum development and supervision	137,513	141,183	131,663	-	9,520
Supervision - Regular school	2,012,363	2,048,485	1,998,009	-	50,476
In-service training - Instruction	108,700	106,700	59,357	-	47,343

Total Instruction, Administration and Improvement	2,258,576	2,296,368	2,189,029	-	107,339
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TEACHING - REGULAR SCHOOL	14,575,603	14,590,417	14,449,162	897	140,358
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PROGRAMS FOR STUDENTS WITH DISABILITIES	5,710,236	5,693,454	5,483,274	35,433	174,747
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(Continued)

Blind Brook - Rye Union Free School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
<i>INSTRUCTIONAL MEDIA</i>					
School library and audiovisual	\$ 384,463	\$ 370,178	\$ 343,212	\$ -	\$ 26,966
Computer assisted instruction	813,625	825,398	812,417	384	12,597
Total Instructional Media	1,198,088	1,195,576	1,155,629	384	39,563
<i>PUPIL SERVICES</i>					
Guidance - Regular school	906,078	909,676	903,012	-	6,664
Health and diagnostic services - Regular school	380,826	416,371	393,560	-	22,811
Psychological services - Regular school	306,970	234,422	185,299	-	49,123
Social work services - Regular school	-	72,548	72,548	-	-
Co-curricular activities - Regular school	244,393	245,174	230,780	-	14,394
Interscholastic athletics - Regular school	596,317	595,536	484,256	16,231	95,049
Total Pupil Services	2,434,584	2,473,727	2,269,455	16,231	188,041
Total Instruction	26,177,087	26,249,542	25,546,549	52,945	650,048
<i>PUPIL TRANSPORTATION</i>					
District transportation services	520,276	510,276	485,918	-	24,358
Contract transportation and garage building	727,570	763,870	738,733	-	25,137
Total Pupil Transportation	1,247,846	1,274,146	1,224,651	-	49,495
<i>COMMUNITY SERVICES</i>					
Civic activities	1,000	1,000	-	-	1,000

EMPLOYEE BENEFITS

State retirement	613,805	522,822	522,822	-	-
Teachers' retirement	2,309,054	2,309,054	2,289,397	-	19,657
Social security	1,757,988	1,757,988	1,744,116	-	13,872
Hospital, medical and dental insurance	4,448,776	4,393,081	4,285,205	-	107,876
Workers' compensation	146,638	148,778	148,778	-	-
Unemployment benefits	35,000	35,000	7,288	-	27,712
Union welfare benefits	332,050	332,050	329,150	-	2,900
	<u>9,643,311</u>	<u>9,498,773</u>	<u>9,326,756</u>	<u>-</u>	<u>172,017</u>
Total Employee Benefits					

DEBT SERVICE

Principal					
Serial bonds	1,605,000	1,605,000	1,605,000	-	-
Energy performance contract	177,999	177,999	177,999	-	-
	<u>1,782,999</u>	<u>1,782,999</u>	<u>1,782,999</u>	<u>-</u>	<u>-</u>
Interest					
Serial bonds	604,525	604,525	604,525	-	-
Energy performance contract	67,282	67,282	67,282	-	-
	<u>671,807</u>	<u>671,807</u>	<u>671,807</u>	<u>-</u>	<u>-</u>
Total Debt Service	<u>2,454,806</u>	<u>2,454,806</u>	<u>2,454,806</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>43,282,030</u>	<u>43,316,775</u>	<u>41,997,440</u>	<u>77,300</u>	<u>1,242,035</u>

OTHER FINANCING USES

Transfers out					
Capital Projects Fund	-	9,174	9,142	-	32
Special Aid Fund	36,700	36,700	25,762	-	10,938
	<u>36,700</u>	<u>45,874</u>	<u>34,904</u>	<u>-</u>	<u>10,970</u>
TOTAL OTHER FINANCING USES	<u>36,700</u>	<u>45,874</u>	<u>34,904</u>	<u>-</u>	<u>10,970</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 43,318,730</u>	<u>\$ 43,362,649</u>	<u>\$ 42,032,344</u>	<u>\$ 77,300</u>	<u>\$ 1,253,005</u>

See independent auditors' report.

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Blind Brook - Rye Union Free School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 25,762	\$ 35,051
State and Federal aid receivable	<u>318,739</u>	<u>494,030</u>
Total Assets	<u><u>\$ 344,501</u></u>	<u><u>\$ 529,081</u></u>
LIABILITIES		
Accounts payable	\$ 6,488	\$ 16,750
Unearned revenues	4,072	2,413
Due to other funds	<u>333,941</u>	<u>509,918</u>
Total Liabilities	<u><u>\$ 344,501</u></u>	<u><u>\$ 529,081</u></u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Special Aid Fund

Comparative Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual

Years Ended June 30,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
State aid	\$ 92,110	\$ 92,110	\$ 103,048	\$ 10,938
Federal aid	538,850	538,850	456,983	(81,867)
Total Revenues	630,960	630,960	560,031	(70,929)
EXPENDITURES				
Current				
Instruction	667,660	667,660	585,793	81,867
Deficiency of Revenues Over Expenditures	(36,700)	(36,700)	(25,762)	10,938
OTHER FINANCING SOURCES				
Transfers in	36,700	36,700	25,762	(10,938)
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 147,769	\$ 171,516	\$ 171,516	\$ -
579,857	656,940	523,944	(132,996)
727,626	828,456	695,460	(132,996)
762,677	863,507	730,511	132,996
(35,051)	(35,051)	(35,051)	-
35,051	35,051	35,051	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Blind Brook - Rye Union Free School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 245,813	\$ 260,691
Restricted cash	-	16,642
State and Federal aid receivable	-	136,927
Total Assets	<u>\$ 245,813</u>	<u>\$ 414,260</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 7,446	\$ 55,190
Due to other funds	141,595	61,847
Total Liabilities	149,041	117,037
Fund balance		
Restricted	96,772	297,223
Total Liabilities and Fund Balance	<u>\$ 245,813</u>	<u>\$ 414,260</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2017</u>	<u>2016</u>
REVENUES		
State aid	\$ -	\$ 136,927
EXPENDITURES		
Capital outlay	<u>198,076</u>	<u>3,232,511</u>
Deficiency of Revenues Over Expenditures	<u>(198,076)</u>	<u>(3,095,584)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	9,142	97,378
Transfers out	<u>(11,517)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,375)</u>	<u>97,378</u>
Net Change in Fund Balance	(200,451)	(2,998,206)
FUND BALANCE		
Beginning of Year	<u>297,223</u>	<u>3,295,429</u>
End of Year	<u><u>\$ 96,772</u></u>	<u><u>\$ 297,223</u></u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2017

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Ridge Street Capital Improvements	\$ 972,376	\$ 779,573	\$ 96,031	\$ 875,604
Energy Performance Contract Improvements	3,070,767	3,059,250	11,517	3,070,767
MS/HS Security Enhancement	106,520	4,475	102,045	106,520
	<u>\$ 4,149,663</u>	<u>\$ 3,843,298</u>	<u>\$ 209,593</u>	<u>\$ 4,052,891</u>

See independent auditors' report.

Unexpended Balance	Methods of Financing				Fund Balance at June 30, 2017
	State Aid	Transfers	Proceeds of Obligations	Total	
\$ 96,772	\$ 467,871	\$ 504,505	\$ -	\$ 972,376	\$ 96,772
-	-	-	3,070,767	3,070,767	-
-	-	106,520	-	106,520	-
<u>\$ 96,772</u>	<u>\$ 467,871</u>	<u>\$ 611,025</u>	<u>\$ 3,070,767</u>	<u>\$ 4,149,663</u>	<u>\$ 96,772</u>

Blind Brook - Rye Union Free School District, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2017
 (With Comparative Totals for 2016)

	School Lunch	Special Purpose	Debt Service
ASSETS			
Cash and equivalents	\$ 164,394	\$ 84,045	\$ 343,553
Receivables			
Accounts	65	-	-
State and Federal aid	1,323	-	-
Due from other funds	-	-	-
	1,388	-	-
Inventories	5,421	-	-
Total Assets	<u>\$ 171,203</u>	<u>\$ 84,045</u>	<u>\$ 343,553</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 30,976	\$ -	\$ -
Unearned revenues	40,827	-	-
Due to other funds	2,173	-	-
Total Liabilities	<u>73,976</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	5,421	-	-
Restricted	-	84,045	343,553
Assigned	91,806	-	-
Unassigned	-	-	-
Total Fund Balances	<u>97,227</u>	<u>84,045</u>	<u>343,553</u>
Total Liabilities and Fund Balances	<u>\$ 171,203</u>	<u>\$ 84,045</u>	<u>\$ 343,553</u>

See independent auditors' report.

	Total Non-Major Governmental Funds	
Permanent	2017	2016
\$ 2,924	\$ 594,916	\$ 516,125
-	65	48
-	1,323	1,856
-	-	25,122
-	1,388	27,026
-	5,421	2,939
\$ 2,924	\$ 601,725	\$ 546,090
\$ -	\$ 30,976	\$ 17,572
-	40,827	39,537
25	2,198	-
25	74,001	57,109
2,920	8,341	5,859
-	427,598	396,866
-	91,806	86,256
(21)	(21)	-
2,899	527,724	488,981
\$ 2,924	\$ 601,725	\$ 546,090

Blind Brook - Rye Union Free School District, New York

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2017
(With Comparative Totals for 2016)

	School Lunch	Special Purpose	Debt Service
REVENUES			
Use of money and property	\$ 633	\$ 74	\$ 3,174
State aid	3,170	-	-
Federal aid	41,225	-	-
Food sales	551,372	-	-
Miscellaneous	97	45,440	-
Total Revenues	596,497	45,514	3,174
EXPENDITURES			
Current			
Instruction	-	29,395	-
Cost of food sales	588,465	-	-
Total Expenditures	588,465	29,395	-
Excess (Deficiency) of Revenues Over Expenditures	8,032	16,119	3,174
OTHER FINANCING SOURCES			
Transfers in	-	-	11,517
Net Change in Fund Balances	8,032	16,119	14,691
FUND BALANCES			
Beginning of Year	89,195	67,926	328,862
End of Year	\$ 97,227	\$ 84,045	\$ 343,553

See independent auditors' report.

		Total Non-Major Governmental Funds	
Permanent		2017	2016
\$	1	\$ 3,882	\$ 5,237
	-	3,170	2,992
	-	41,225	38,019
	-	551,372	548,611
	-	45,537	42,438
	1	645,186	637,297
	100	29,495	51,849
	-	588,465	588,338
	100	617,960	640,187
	(99)	27,226	(2,890)
	-	11,517	-
	(99)	38,743	(2,890)
	2,998	488,981	491,871
\$	2,899	\$ 527,724	\$ 488,981

Blind Brook - Rye Union Free School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	2017	2016
ASSETS		
Cash and equivalents	\$ 164,394	\$ 117,502
Receivables		
Accounts	65	48
State and Federal aid	1,323	1,856
Due from other funds	-	23,959
	1,388	25,863
Inventories	5,421	2,939
Total Assets	\$ 171,203	\$ 146,304
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 30,976	\$ 17,572
Unearned revenues	40,827	39,537
Due to other funds	2,173	-
Total Liabilities	73,976	57,109
Fund balance		
Nonspendable	5,421	2,939
Assigned	91,806	86,256
Total Fund Balance	97,227	89,195
Total Liabilities and Fund Balance	\$ 171,203	\$ 146,304

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

School Lunch Fund

Comparative Statement of Revenues, Expenditures and

Changes in Fund Balance

Years Ended June 30,

	2017	2016
REVENUES		
Use of money and property	\$ 633	\$ 369
State aid	3,170	2,992
Federal aid	41,225	38,019
Food sales	551,372	548,611
Miscellaneous	97	3,836
Total Revenues	596,497	593,827
EXPENDITURES		
Current		
Cost of food sales	588,465	588,338
Excess of Revenues Over Expenditures	8,032	5,489
FUND BALANCE		
Beginning of Year	89,195	83,706
End of Year	\$ 97,227	\$ 89,195

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 84,045	\$ 66,763
Due from other funds	<u>-</u>	<u>1,163</u>
Total Assets	<u>\$ 84,045</u>	<u>\$ 67,926</u>
FUND BALANCE		
Restricted	<u>\$ 84,045</u>	<u>\$ 67,926</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2017</u>	<u>2016</u>
REVENUES		
Use of money and property	\$ 74	\$ 67
Miscellaneous	<u>45,440</u>	<u>38,602</u>
Total Revenues	45,514	38,669
EXPENDITURES		
Current		
Instruction	<u>29,395</u>	<u>51,799</u>
Excess (Deficiency) of Revenues Over Expenditures	16,119	(13,130)
FUND BALANCE		
Beginning of Year	<u>67,926</u>	<u>81,056</u>
End of Year	<u><u>\$ 84,045</u></u>	<u><u>\$ 67,926</u></u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 343,553</u>	<u>\$ 328,862</u>
FUND BALANCE		
Restricted	<u>\$ 343,553</u>	<u>\$ 328,862</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Debt Service Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended June 30,

	<u>2017</u>	<u>2016</u>
REVENUES		
Use of money and property	\$ 3,174	\$ 4,800
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	3,174	4,800
OTHER FINANCING SOURCES		
Transfer in	<u>11,517</u>	<u>-</u>
Net Change in Fund Balance	14,691	4,800
FUND BALANCE		
Beginning of Year	<u>328,862</u>	<u>324,062</u>
End of Year	<u><u>\$ 343,553</u></u>	<u><u>\$ 328,862</u></u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Permanent Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 2,924</u>	<u>\$ 2,998</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	<u>\$ 25</u>	<u>\$ -</u>
Fund balance		
Nonspendable	2,920	2,920
Restricted	-	78
Unassigned	<u>(21)</u>	<u>-</u>
Total Fund Balance	<u>2,899</u>	<u>2,998</u>
Total Liabilities and Fund Balance	<u>\$ 2,924</u>	<u>\$ 2,998</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Permanent Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2017</u>	<u>2016</u>
REVENUES		
Use of money and property	\$ 1	\$ 1
EXPENDITURES		
Current		
Instruction	<u>100</u>	<u>50</u>
Deficiency of Revenues Over Expenditures	(99)	(49)
FUND BALANCE		
Beginning of Year	<u>2,998</u>	<u>3,047</u>
End of Year	<u><u>\$ 2,899</u></u>	<u><u>\$ 2,998</u></u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2017

Adopted Budget		\$ 43,226,703
Additions - Encumbrances		<u>92,027</u>
Original Budget		43,318,730
Budget Amendments		<u>43,919</u>
Final Budget		<u><u>\$ 43,362,649</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

Year Ended June 30, 2017

2017-18 Expenditure Budget		<u>\$ 43,915,067</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	1,646,141	
Unassigned fund balance	<u>1,554,044</u>	
Total Unrestricted Fund Balance	<u>3,200,185</u>	
Less		
Appropriated for subsequent year's budget	1,568,841	
Encumbrances	<u>77,300</u>	
Total Adjustments	<u>1,646,141</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 1,554,044</u></u>
Actual Percentage		<u><u>3.54%</u></u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2017

Capital Assets, net	\$ 34,095,956
Plus	
Unamortized portion of loss on refunding bonds	121,270
Less	
Bonds payable	(11,850,000)
Unamortized portion of premium on bonds	(1,664,220)
Energy performance contract payable	<u>(2,839,614)</u>
Net Investment in Capital Assets	<u><u>\$ 17,863,392</u></u>

See independent auditors' report.